

Our Commitments
For Brilliant
Future

Interim Report
2008



China Properties Group Limited
中國地產集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1838

*For identification purpose only

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Group Strategies and Outlook

The Group has strictly adhered to its distinctive policy and not following the herd: borrow less, no speculation on stock market, do not buy expensive land and land which is not marketable. Instead, we focus on developing and creating high quality, large scale, residential projects in major cities of the PRC and commercial street developments in prime locations of large cities.

Upscale theme shopping street developments is generally located on prime retail streets of major cities in the PRC, and the Group intends to include areas for retail, residential, entertainment, cultural and recreational uses in such projects. Our aim is to make each of these projects both a focal point for the entire district in which it is located and a day-trip destination for locals and non-locals.

At the same time, we also focus on developing large scale theme residential communities. One of the special features of such developments is the establishment of different themes such as mountain and sea for these large scale residential developments to cater for needs of different markets. In selecting locations for such projects, we take into account whether they are near the station of mass transit systems.

Currently, the Group owns an almost one-kilometre stretch of Nanjing Road in the prosperous commercial district of Shanghai with a total floor area of approximately 4,000,000 sq. ft. The project will be developed into a large scale commercial street, which will include plenty of retail shops, shopping malls, hotels, office buildings and service apartments. We are also developing a large scale theme residential project near Puxi subway terminal in Shanghai with an area of approximately 20,000,000 sq. ft. We are preparing for the construction of Chongqing Concord City neighboring the double track station at the center of Chongqing with an area of approximately 5,600,000 sq. ft., which will include plenty of retail shops, shopping malls, hotels, office buildings, service apartments and residential properties. We are now constructing the Chongqing Manhattan City (重慶曼哈頓城) on top of the double track station located in the downtown of Chongqing with an area of approximately 23,800,000 sq. ft., which will include many prime residential properties, shopping malls, office buildings and hotels. We are also preparing for the construction of a residential project at No. 18, The Peak Road located in the downtown of Chongqing with an area of approximately 1,940,000 sq. ft. In addition, the Group was granted certain options to acquire property interest in Beijing and other cities from the major shareholder.

Obviously, the Group's earnings not only come from selling properties, but also come from the strong and stable rental revenues from our substantial property portfolio for leasing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT**Overview of the Mainland Property Market**

Since the implementation of macro economic measures in respect of real estate in the PRC last year, the property price and transaction volume experienced decreases to various extents in many provinces and cities in the first half of 2008.

Overview of the Mainland Property Market in Shanghai

The real estate investment and land acquired by developer in Shanghai grew by 3.8% and 48.44% respectively compared with the same period of 2007. The average transaction price of residential property increased by 15.9% year-on-year, while the transaction volume of residential properties decreased by approximately 22.36% year-on-year. High-end residential market outperformed the overall market, especially for the properties with prime locations, with higher price growth compared with mid-end housing, partly due to the lower supply within the recent six months.

In the first half year of 2008, commercial property sales market outperformed the residential market in Shanghai with total sales revenue year-on-year growth of 8.61% for office properties and 5.46% for retail properties respectively. The prime office market continued to see rental growth with a stable growing demand from both domestic and multi-national companies.

Vacancy rate for prime retail properties in Shanghai continues to be at a relatively low level and was around 5.9% for the second quarter of 2008. Amongst these, retail properties in Jingan area have the lowest vacancy rate. Prime retail properties in Jingan and Luwan areas are always the sought after locations and therefore average rentals were the highest in the first half of 2008.

Overview of the Mainland Property Market in Chongqing

Chongqing's economy continued to grow at a high speed during the first half of 2008. In mid-May, the earthquake had little economic influence upon Chongqing and life has gone back to normal.

Office leasing market has been active in 2008. There was strong demand for prime office space in the core commercial areas. For residential market in Chongqing, total transaction volume from January to May 2008 increased by 4.2% year-on-year.

Demand for retail properties in Chongqing remained robust in the first half of 2008. While total transaction volume from March to May 2008 decreased 30.23% year-on-year, average price increased 6.77% year-on-year. With the completion of existing Chongqing commercial areas, it can be seen that there is no longer enough land supply in the area. Therefore, the business space vacancy rate in the coming year will be lower, while rental and sale price will increase.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's profit attributable to equity holders for the period amounted to HK\$452.7 million (2007: HK\$1,753.2 million) decreased by 74.2% when compare to same period in 2007.

The Group's revenue of HK\$1,488 million (2007: HK\$1,858.1 million), decreased by 19.9% when compare to the corresponding period last year, and was mainly due to the decrease in revenue from sales of development properties.

The revenue from sales of development properties amounted to HK\$1,466.2 million, down 20.1% as compared with the corresponding period in 2007 of HK\$1,834.4 million. Gross profit margin and average selling price remained stable.

The Group delivered a gross floor area ("GFA") of approximately 2,623,000 sq. ft. in the first half of 2008, a 20.5% decrease as compared with the same period last year. During the period, the Group delivered a majority of the residential units at Phase IV A of Shanghai Cannes.

Income from property leasing increased by 19.6% to HK\$15.8 million. Property management income dropped by HK\$4.5 million when compare to same period in last year as a result of the termination of property management contract for Shanghai Cannes.

During the period under review, the decrease in selling expenses was generally in line with the decrease in revenue and representing around 2% of the revenue. Administrative expenses incurred during the six months ended June 30, 2008 were HK\$65.9 million which were up by 196.4% over 2007. The increase in administrative expenses was mainly attributed to the exchange loss of HK\$35.6 million in converting US\$ to RMB by our subsidiaries in the PRC as a result of RMB appreciation. The increase in administrative expenses was also resulted from the increase in staff costs, advertising and other expenses incurred in enhancing the image of the Group during the period but was partially offset by reduced professional and other expenses relating to the listing of the Group.

Finance costs incurred for the period amounted to HK\$71 million (2007: HK\$37.4 million) and was mainly arisen from the fixed rate senior notes issued on April 27, 2007 ("Notes").

During the period, fair value of investment properties in Shanghai as of June 30, 2008 remained fairly the same as that of December 31, 2007. The increase in fair value of investment properties of the Group during the six months ended June 30, 2008 of HK\$22.5 million was attributable to the investment properties in respect of Chongqing Manhattan City project site acquired during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense increased by HK\$546.8 million to HK\$212.3 million in 2008 from a tax credit of HK\$334.5 million in 2007. The tax credit of HK\$334.5 million in 2007 was partly due to a tax credit of HK\$782.4 million which arose from the tax rate used for deferred tax provision of the Group had been adjusted from 33% in 2006 to 25% in 2007 to reflect the tax rate reduction with effect from January 1, 2008 in accordance with the PRC promulgated the Law on Enterprise Income Tax by Order No. 63 of the president of the People's Republic of China. Excluding the effect of the tax rate change, the Group's effective income tax rate were around 32% for both corresponding periods which was mainly due to the PRC Enterprise Income Tax Rate was reduced from 33% in 2007 to 25% in 2008 and was partly offset by the increase in effective tax rate resulted from the increase in expenses in 2008 which were non-tax deductible. Deferred tax provided for the period was HK\$31.4 million which was mainly attributable to the deferred tax on gains in fair value of investment properties and other temporary differences. The Group's total land appreciation tax ("LAT") provision at the period end date was HK\$491.9 million and the Group believes sufficient provision has been made in accordance with the requirements set forth in the relevant LAT tax laws and regulations.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The gearing ratio of the Group as at June 30, 2008 was 13.06%. The gearing ratio was calculated as bank loans and Notes, less pledged bank deposit and bank balances and cash, divided by total equity.

During the period, there was no material change in the Group's funding and treasury policy. At June 30, 2008, the Group had sufficient levels of banking facilities from our major bankers to finance working capital requirements.

The Group's total borrowings amounted to HK\$2,983.7 million comprising bank borrowings of HK\$703.8 million and Notes of HK\$2,279.9 million. Bank loans of the Group were all denominated in RMB, and will be repayable within one year. All of them were subject to variable interest rate. The Bank loans were secured by our investment properties and properties held for sales together with pledged bank deposits with total carrying value of HK\$1,789.1 million and HK\$145.9 million respectively. The Notes of US\$300 million bear an annual interest rate of 9.125% will mature on May 4, 2014.

As at June 30, 2008, our bank balances and cash together with the pledged bank deposits amounted to HK\$522.4 million of which HK\$95.7 million and HK\$108.3 million were denominated in US\$ and RMB respectively. Total assets of the Group were approximately HK\$29,464.6 million.

The functional currency of the respective group entities is RMB, the currency of the primary economic environment in which the Group operates. For the purpose of the condensed consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars, the presentation currency for the condensed consolidated financial statements.

As at June 30, 2008, the Group had construction commitment contracted for but not yet provided in respect of property, plant and equipment and investment properties amounted to HK\$221.4 million.

During the year, there is no material acquisition and disposal of group companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has not used any interest rate nor foreign currency derivative instrument to hedge its exposure to interest rate risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise. In addition, the management also monitors the interest rate movement for long-term borrowings and will consider exercising the redemption option for the Notes if necessary.

CONTINGENT LIABILITIES

As at June 30, 2008, we guaranteed mortgage loans to purchasers of our properties in the aggregate outstanding principal amount of HK\$1,489.9 million. In the first half of 2008, we experienced 2 cases of default. The total amount of guaranteed loans under default were approximately HK\$1.1 million representing less than 0.1% of the total guaranteed loans outstanding as at June 30, 2008. The guarantees were secured by the Group's pledged bank deposits of HK\$24.3 million.

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of any interim dividend for the period.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2008, the Group had approximately 277 employees in Hong Kong and the PRC. There is no significant change in the Group's emolument policies.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES**Directors' and Chief Executives' interests in Securities of the Company**

As at June 30, 2008, the interests and/or short positions of the directors and chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations, (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

a) Long position in ordinary shares and underlying shares of the directors and the chief executives of the Company

Name of director	Nature of interests	Number of ordinary shares held	As approximate percentage of total issued ordinary shares	<i>Note</i>
Mr. Wong Sai Chung ("Mr. Wong")	Corporate	1,350,000,000 shares	72.07%	(i)

Note:

- (i) These shares are held directly by Hillwealth Holdings Limited ("Hillwealth"), whose entire issued capital is held by Mr. Wong.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

(b) Long position in shares of associated corporations of the Company

Name of director	Nature of interests	Name of associated company	Number of shares held	Percentage of the issued shares of the same class in the associated corporation	Note
Mr. Wong	Corporate	Concord Properties Holding (Shanghai) Limited ("CPH (Shanghai)")	100 non-voting deferred class "B" shares of HK\$1.00 each	100%	(ii)
	Personal	Hillwealth	1 share of US\$1.00	100%	(iii)

Note:

- (ii) CPH (Shanghai) is an indirectly owned subsidiary of the Company. It has in issue 100 non-voting deferred class "B" shares (the rights attached to which are set out in the prospectus), all of which are beneficially owned by Concord China Land Holdings Limited which is in turn beneficially and wholly owned by Pacific Concord Holding Limited ("PCH") (which is wholly owned by Mr. Wong).
- (iii) As Hillwealth owns more than 50% of the Company, Hillwealth is an associated corporation of the Company under the SFO. The entire issued share capital of Hillwealth is owned by Mr. Wong.

As at June 30, 2008, Mr. Wong was a director of Hillwealth, Concord China Land Holdings Limited and PCH, and Dr. Wang Shih Chang, George and Mr. Kwan Kai Cheong were also directors of PCH.

Save as disclosed above, as at June 30, 2008, none of the directors and chief executives nor their associates had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

No share option was granted and outstanding for the six months ended June 30, 2008 (six months ended June 30, 2007: nil).

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in "Directors' and chief executives' interest in shares and underlying shares and debentures", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued capital of the Company as at June 30, 2008 and as at the date of this announcement.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review and up to the date of this announcement, the Company repurchased a total of 48,770,000 ordinary shares of HK\$0.1 each through The Stock Exchange of Hong Kong Limited at an aggregated consideration of HK\$172.8 million. All of the repurchased shares were cancelled.

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregated consideration HK\$'M
December 2007	3,693,000	4.19	3.81	14.8
January 2008	19,642,000	4.42	4.04	82.9
May 2008	300,000	3.50	3.38	1.0
June 2008	25,135,000	2.95	2.73	74.1
	<u>48,770,000</u>			<u>172.8</u>

The directors considered that the aforesaid shares were repurchased at a discount to the net asset value per share and resulted in an increase in the net asset value per share then in issue.

Save as disclosed herein, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended June 30, 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, the Company considers that all directors of the Company have complied with the required standard set out in the Model Code for the period under review.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

AUDIT COMMITTEE

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit Committee presently comprises five independent non-executive directors of the Company. The Audit Committee has reviewed the unaudited interim results.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee for the purposes of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management and on the establishment of formal and transparent procedures for developing policy on such remunerations. The Remuneration Committee presently comprises one executive director and two independent non-executive directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2008

		Six months ended June 30,	
		2008	2007
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
	Notes		
Revenue	3 & 4	1,488,033	1,858,101
Business tax		(77,932)	(97,494)
Cost of sales		(627,491)	(797,041)
Gross profit		782,610	963,566
Other income	4	27,223	27,397
Selling expenses		(30,255)	(38,332)
Administrative expenses		(65,931)	(22,241)
Finance costs	5	(71,023)	(37,435)
Operating profit before taxation		642,624	892,955
Changes in fair value of investment properties		22,452	525,751
Profit before taxation	6	665,076	1,418,706
Income tax (expense) credit	7	(212,337)	334,511
Profit for the period attributable to the equity holders of the Company		452,739	1,753,217
Interim dividend declared after the balance sheet date	9	–	99,360
Total amount		–	99,360
Amount per share		–	5.5 cents
Earnings per share			
Basic (HK dollar)	8	0.24	1.05

CONDENSED CONSOLIDATED BALANCE SHEET

At June 30, 2008

	Notes	As at June 30, 2008 HK\$'000 (unaudited)	As at December 31, 2007 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	71,506	68,352
Prepaid lease payments		4,819	4,653
Investment properties	10	21,866,318	20,276,267
Development in progress		2,951,629	2,003,481
Deposits on purchase of land		507,394	–
Pledged bank deposits		–	23,295
		25,401,666	22,376,048
Current assets			
Properties under development for sales		2,443,452	2,046,776
Properties held for sales, at cost		431,573	434,155
Other receivables		665,539	564,477
Pledged bank deposits		170,208	32,182
Bank balances and cash		352,175	2,872,722
		4,062,947	5,950,312
Current liabilities			
Other payables and accruals		766,748	679,799
Deposits received on sales of properties		1,192,584	1,941,865
Tax payable		569,261	413,245
Bank loans, secured – due within one year	11	703,825	193,979
		3,232,418	3,228,888
Net current assets		830,529	2,721,424
Total assets less current liabilities		26,232,195	25,097,472
Non-current liabilities			
Bank loans, secured – due after one year	11	–	554,667
Fixed rate senior notes	12	2,279,887	2,274,742
Deferred tax liabilities		5,112,611	4,826,013
		7,392,498	7,655,422
		18,839,697	17,442,050
Capital and reserves			
Share capital	13	187,323	189,686
Share premium and reserves		18,652,374	17,252,364
Total equity		18,839,697	17,442,050

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2008

	Attributable to equity holders of the Company								Total
	Share capital	Share premium	Revaluation reserve	Special reserve *	Other reserve **	General reserve ***	Exchange reserve	Accumulated profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At January 1, 2008 (audited)	189,686	1,647,348	6,410	778,662	2,455,562	47,408	917,586	11,399,388	17,442,050
Exchange differences arising on translation	-	-	-	-	-	-	1,103,605	-	1,103,605
Profit for the period	-	-	-	-	-	-	-	452,739	452,739
Total recognized income for the period	-	-	-	-	-	-	1,103,605	452,739	1,556,344
Shares repurchased and cancelled	(2,363)	(96,381)	-	-	-	-	-	-	(98,744)
Dividend paid	-	(59,953)	-	-	-	-	-	-	(59,953)
At June 30, 2008 (unaudited)	187,323	1,491,014	6,410	778,662	2,455,562	47,408	2,021,191	11,852,127	18,839,697
At January 1, 2007 (audited)	100	375,020	-	778,662	2,455,562	-	77,076	3,512,842	7,199,262
Exchange differences arising on translation	-	-	-	-	-	-	6,084	-	6,084
Profit for the period	-	-	-	-	-	-	-	1,753,217	1,753,217
Total recognized income for the period	-	-	-	-	-	-	6,084	1,753,217	1,759,301
Shares repurchased and cancelled	(5)	(429,694)	-	-	-	-	-	-	(429,699)
Issue of shares by capitalization	134,905	(134,905)	-	-	-	-	-	-	-
Issue of shares	45,654	1,597,880	-	-	-	-	-	-	1,643,534
Share issue expenses	-	(88,967)	-	-	-	-	-	-	(88,967)
At June 30, 2007 (unaudited)	180,654	1,319,334	-	778,662	2,455,562	-	83,160	5,266,059	10,083,431

* Special reserve represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the corporate reorganization to rationalize the Group structure prior to the listing of the Company's share on The Stock Exchange of Hong Kong Limited ("Listing").

** Other reserve arose from the acquisition by Mr. Wong Sai Chung ("Mr. Wong"), the controlling shareholder of the Company, of the interests in the Company's subsidiaries owned by other shareholders and the implementation of the Corporate Reorganisation.

*** As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiaries established in the PRC shall set aside 10% of their net profit to the general reserve before the distribution of the net profit each year. The general reserve can only be used upon approval by the board of directors of the relevant subsidiaries to offset accumulated losses or increase capital.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended June 30, 2008

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(945,015)	(347,699)
Net cash used in investing activities	(1,225,426)	(56,679)
Net cash (used in) from financing activities:		
Proceeds from issue of shares	–	1,643,534
Proceeds from issue of fixed rate senior notes	–	2,340,000
Payment on repurchase of shares	(98,744)	(429,699)
Repayment of loans from related companies	–	(332,915)
Other financing cash flows	(306,558)	(212,046)
	(405,302)	3,008,874
Net (decrease) increase in cash and cash equivalents	(2,575,743)	2,604,496
Cash and cash equivalents at beginning of the period	2,872,722	28,686
Effect of foreign exchange difference	55,196	(857)
Cash and cash equivalents at end of the period, represented by bank balances and cash	352,175	2,632,325

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***1. GENERAL INFORMATION AND BASIS OF PREPARATION**

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Hillwealth Holdings Limited ("Hillwealth"), a limited company incorporated in the British Virgin Islands ("BVI"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is 14th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development and property investment in the PRC. The principal activities of its principal subsidiaries as set out in note 20.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2007.

The functional currency of the Company and the respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the condensed consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars, the presentation currency for the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("New HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning January 1, 2008.

HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these New HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***2. PRINCIPAL ACCOUNTING POLICIES (Continued)**

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 13	Customer loyalty programmes ³
HK(IFRIC) – INT 15	Agreements for the construction of real estate ¹
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁴

¹ Effective for annual periods beginning on or after January 1, 2009.

² Effective for annual periods beginning on or after July 1, 2009.

³ Effective for annual periods beginning on or after July 1, 2008.

⁴ Effective for annual periods beginning on or after October 1, 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

During the period, the Group is principally engaged in property development and property investment in the PRC. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development	–	developing and selling of properties
Property investment	–	leasing of investment properties
Other	–	provision of building management and construction consultancy services

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

3. SEGMENT INFORMATION (Continued)**Six months ended June 30, 2008 (unaudited)**

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue					
External sales	1,466,240	15,823	5,970	–	1,488,033
Inter-segment sales	–	–	70,035	(70,035)	–
Total	1,466,240	15,823	76,005	(70,035)	1,488,033
Segment results	735,443	11,516	(2,691)		744,268
Unallocated other income					27,223
Unallocated corporate expenses					(57,844)
Changes in fair value of investment properties	–	22,452	–		22,452
Finance costs					(71,023)
Profit before taxation					665,076
Income tax expense					(212,337)
Profit for the period					452,739

Six months ended June 30, 2007 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
Revenue	1,834,392	13,233	10,476	1,858,101
Segment results	911,086	9,413	(1,836)	918,663
Unallocated other income				27,397
Unallocated corporate expenses				(15,670)
Changes in fair value of investment properties	–	525,751	–	525,751
Finance costs				(37,435)
Profit before taxation				1,418,706
Income tax credit				334,511
Profit for the period				1,753,217

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

4. REVENUE AND OTHER INCOME

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Sales of properties	1,466,240	1,834,392
Property rental income	15,823	13,233
Property management income	5,970	10,476
	1,488,033	1,858,101
Other income (Note)	27,223	27,397
Total income	1,515,256	1,885,498

Note: Other income includes interest on bank deposits of approximately HK\$20,407,000 (six months ended June 30, 2007: HK\$26,461,000).

5. FINANCE COSTS

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank loans wholly repayable within five years	31,250	19,736
Effective interest expenses on fixed rate senior notes	106,763	33,866
Loans from related companies	–	5,488
Other borrowing costs	5,145	3,497
Total finance costs	143,158	62,587
Less: Amount capitalized in development in progress and properties under development for sales	(72,135)	(25,152)
	71,023	37,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***6. PROFIT BEFORE TAXATION**

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	764	416
Other staff costs	16,470	13,373
Total staff costs	17,234	13,789
Less: Amount capitalized in development in progress and properties under development for sales	(5,032)	(6,575)
	12,202	7,214
Amortization of prepaid lease payments	129	118
Depreciation of property, plant and equipment	2,184	1,929
Less: Amount capitalized in development in progress	(738)	(677)
	1,446	1,252
Cost of properties sold (included in cost of sales)	619,504	786,568
Compensation to purchasers of properties (included in administrative expenses)	4,571	4,780
Net exchange losses (included in administrative expenses)	35,629	38

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

7. INCOME TAX (EXPENSE) CREDIT

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation:		
PRC Enterprise income tax	(77,142)	(198,503)
Land appreciation tax ("LAT") in the PRC	(103,766)	(136,152)
	(180,908)	(334,655)
Deferred tax:		
Current period	(31,429)	(113,279)
Attributable to change in tax rate	—	782,445
	(31,429)	669,166
Income tax (expense) credit	(212,337)	334,511

In accordance with the applicable enterprise income tax law of the PRC, and the relevant rules promulgated by the Shanghai municipal government, the subsidiaries, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Jingan Concord"), Shanghai Minhang Concord Property Development Co., Ltd. ("Minhang Concord") and Shanghai Yingduoli Property Management Company Limited ("Property Management Co"), are subject to a tax rate of 25% (six months ended June 30, 2007: 33%) on their assessable profits throughout the period.

A subsidiary, Shanghai Baili Construction Management and Consultancy Company Limited ("Construction Management Co") is subject to a tax rate of 25%. Pursuant to the relevant laws and regulations in the PRC, Construction Management Co is exempted from PRC income tax for two financial years starting from April 4, 2005 (date of its establishment), followed by a 50% reduction for the next three years.

A subsidiary, Shanghai Zhengtian Construction Management and Consultancy Company Limited ("Construction Consultancy Co"), is subject to a tax rate of 25%. Pursuant to the letters issued by the relevant PRC tax authority on July 25, 2006, Construction Consultancy Co, under article 8 of "Rule of the PRC on Enterprises Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment for Foreign Enterprise" (中華人民共和國外商投資企業和外國企業所得稅法實施細則), is exempted from PRC income tax for two financial years, starting from the first profit making year, followed by a 50% reduction for the next three years, provided that more than 50% of the revenue of Construction Consultancy Co is generated from productive services pursuant to the "Notice in respect of the Preferential Tax Treatment applicable to Foreign Investment Enterprise which engages in both Productive and Non-Productive Services" (國家稅務總局關於外商投資企業兼營生產性和非生產性業務如何享受稅收優惠問題的通知). The first profit making year of Construction Consultancy Co is 2006.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

7. INCOME TAX (EXPENSE) CREDIT (Continued)

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax by Order No. 63 of the President of the People's Republic of China, which changed the tax rate from 33% to 25% for certain subsidiaries from January 1, 2008. The deferred tax balance was adjusted to reflect the tax rates that would be expected to apply to the respective periods when the asset would be realized or the liability would be settled, resulting in a deferred tax credit of approximately HK\$782,445,000 for the six months ended June 30, 2007.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on January 27, 1995, all gains arising from transfer of real estate property in the PRC effective from January 1, 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the equity holders of the Company)	452,739	1,753,217
	Six months ended June 30,	
	2008	2007
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,879,422	1,674,414

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been adjusted for the capitalization issue of 1,349,048,700 shares on February 22, 2007.

There were no diluted earnings per share as there were no potential shares outstanding during the period and as at the balance sheet date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

9. DIVIDENDS

	Six months ended June 30,	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
2007 final dividend recognised as distribution during the period – HK3.2 cents (2006: nil) per share	59,953	–
Interim dividend proposed after the balance sheet date of nil cents (2007: HK5.5 cents) per share	–	99,360

The directors do not recommend the payment of any interim dividend for the period. The interim dividend proposed after June 30, 2007 had not been recognized as a liability at June 30, 2007.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at a cost of approximately HK\$1,617,000 (six months ended June 30, 2007: HK\$2,076,000).

The fair values of the Group's investment properties at June 30, 2008 were determined by the directors by reference to valuations on these properties at June 30, 2008 performed by Jones Lang Lasalle Sallmanns Limited and Vigers Appraisal and Consulting Limited. Jones Lang Lasalle Sallmanns Limited and Vigers Appraisal and Consulting Limited are independent qualified professional valuers not connected with the Group and are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The resulting increase in fair value of investment properties of approximately HK\$22,452,000 (six months ended June 30, 2007: HK\$525,751,000), has been recognized directly in the condensed consolidated income statement.

As at June 30, 2008, the Group did not obtain the State-owned Land Use Rights Certificates for the Chongqing Manhattan City project site which comprises 4 parcels of land and are acquired through public tender/auction procedures in Chongqing. The carrying amount of the investment properties without Stated-owned Land Use Rights Certificates amounted to approximately HK\$287,500,000 as at June 30, 2008 (June 30, 2007: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***11. BANK LOANS, SECURED**

	As at June 30, 2008 HK\$'000 (unaudited)	As at December 31, 2007 HK\$'000 (audited)
The bank loans are repayable as follows:		
On demand or within one year	703,825	193,979
More than one year, but not exceeding two years	–	554,667
	703,825	748,646
Less: Amount due within one year shown under current liabilities	(703,825)	(193,979)
	–	554,667

The bank loans outstanding as of June 30, 2008 were secured by the following:

- investment properties with a carrying value of HK\$1,500,738,000 (December 31, 2007: HK\$7,233,086,000);
- properties under development in progress with a carrying value of nil (December 31, 2007: HK\$1,086,410,000);
- properties under development for sales with a carrying value of nil (December 31, 2007: HK\$1,985,121,000);
- properties held for sales with a carrying value of HK\$288,322,000 (December 31, 2007: HK\$270,914,000); and
- pledged bank deposits of HK\$145,887,000 (December 31, 2007: HK\$23,295,000).

12. FIXED RATE SENIOR NOTES

On April 27, 2007, the Company issued approximately US\$300 million (approximately HK\$2,340,000,000) in aggregate principal amount of the fixed rate senior notes which contain two components, liability and early redemption options.

The notes bear interest at the fixed rate of 9.125% per annum. Interest on the notes is payable on May 4 and November 4 of each year. The first interest payment was due on November 4, 2007. The notes will mature on May 4, 2014. The notes are our senior obligations guaranteed by certain of the Company's subsidiaries other than those established under the laws of the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

12. FIXED RATE SENIOR NOTES *(Continued)*

At any time before May 4, 2011, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a premium and accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to May 4, 2010, the Company may redeem up to 35% of the principal amount of the notes using net cash proceeds from certain equity offerings at a redemption price of 109.125% of the principal amount of the notes plus accrued and unpaid interest, if any, to the redemption date.

On or after May 4, 2011, the Company may, at its option, redeem all or part of the notes at the redemption prices equals to the percentage of the principal amount set forth below plus accrued and unpaid interest to the redemption date if redeemed during the twelve-month period commencing on May 4 of the years indicated below:

12-month period commencing in the year	Percentage
2011	104.56250%
2012	102.28125%
2013 and thereafter	100.00000%

The directors of the Company consider that the fair value of the redemption options as at the date of issuance of the notes and at June 30, 2008 and December 31, 2007 is insignificant.

The notes have been listed on the Singapore Exchange Limited since May 4, 2007. The market value of the notes at June 30, 2008 was US\$207,375,000 (approximately HK\$1,617,525,000).

13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorized:		
At January 1, 2008 and June 30, 2008	5,000,000,000	500,000
Issued and fully paid:		
At January 1, 2008	1,896,864,000	189,686
Shares repurchased and cancelled (Note)	(23,635,000)	(2,363)
At June 30, 2008	1,873,229,000	187,323

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

13. SHARE CAPITAL (Continued)

Note: During the period, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK\$0.1	Price per share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
December 2007	3,693,000	4.19	3.81	14,753
January 2008	19,642,000	4.42	4.04	82,957
May 2008	300,000	3.50	3.38	1,034
	<u>23,635,000</u>			<u>98,744</u>

The repurchased shares were cancelled during the period and the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on repurchase of the shares of approximately HK\$96,381,000 has been charged to the share premium account.

None of the Company's subsidiaries repurchased, sold or redeemed any of the Company's listed shares during the period.

14. CONTINGENT LIABILITIES

At the balance sheet date, the contingent liabilities of the Group are as follows:

	As at June 30, 2008 HK\$'000 (unaudited)	As at December 31, 2007 HK\$'000 (audited)
Guarantees given to banks in connection with credit facilities granted to the purchasers of the Group's properties (Notes)	1,489,872	1,769,556

Notes:

- The guarantees were given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant. Deposits received on sales of properties prior to the date of revenue recognition are classified as current liabilities in the condensed consolidated balance sheet.
- The guarantees were secured by pledged bank deposits of HK\$24,321,000 (December 31, 2007: HK\$32,182,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

15. OTHER COMMITMENTS

	As at June 30, 2008 HK\$'000 (unaudited)	As at December 31, 2007 HK\$'000 (audited)
Construction commitment contracted for but not provided in respect of property, plant and equipment and investment properties	221,354	152,888
Capital expenditure authorized but not contracted for in respect of acquisition of land	—	1,310,933

16. OPERATING LEASE COMMITMENTS**As lessor**

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	As at June 30, 2008 HK\$'000 (unaudited)	As at December 31, 2007 HK\$'000 (audited)
Within one year	20,277	20,496
In the second to fifth year inclusive	79,700	81,699
After five years	11,501	20,960
	111,478	123,155

The properties are expected to generate rental yields of average 1% to 4% on an ongoing basis. All the properties held have committed tenants from 3 to 10 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***17. RETIREMENT BENEFITS PLANS**

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made by both the Group and the employees based on 5% of the employees' salaries and are charged to the condensed consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The total contributions incurred in this connection for the six months ended June 30, 2007 (unaudited) and 2008 (unaudited) was approximately HK\$1,790,000 and HK\$1,714,000 respectively.

18. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme pursuant to a resolution passed by all its shareholders on February 5, 2007, whereby staff and directors of the Group, among others, may be granted options entitling them to subscribe for shares which, when aggregated with options granted under any other share option schemes for shares, amount to a maximum of 10% of the aggregate of the shares in issue on the listing date (subject to such 10% limit being refreshed at a shareholders' meeting, and the overall 30% ongoing limit on all share option schemes as imposed by the Listing Rules). The scheme will expire on February 5, 2017.

No share option has been granted since the adoption of the scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***19. RELATED PARTY TRANSACTIONS**

The Group had material transactions during the period with the Pacific Concord Holding Limited ("PCH"), a company in which Mr. Wong has controlling interests, and its subsidiaries ("PCH Group") as follows:

Nature of transactions	Notes	Six months ended June 30,	
		2008	2007
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Recharge of administrative expenses	(a)	–	1,119
Interest expenses	(b)	–	5,488
Office premises expenses	(c)	914	674

Notes:

- (a) The expenses mainly comprised staff costs, office rent, rate and building service charges, utilities, travelling cost and other sundry administrative expenses. The expenses were recharged to the Group during the six months ended June 30, 2007 based on the estimated time of the directors and employees of the PCH Group spent on each of the projects. The recharge of the expenses was discontinued after the shares of the Company have been listed on the Stock Exchange since February 23, 2007.
- (b) This represented interest charged on the loans from PCH Group which were settled prior to the Listing.
- (c) On February 8, 2007, the Group has entered into an office licence agreement with a subsidiary of PCH (the "Lessor") to share half of all rent, rates, service fee and utility charges of an office premises. The agreement is effective from February 16, 2007 to July 31, 2008. The Group has the right to terminate the agreement on one month's prior notice. Under the terms of the head lease by which the Lessor leases the property, it is required to obtain consent from its landlord for the entering into of the office license agreement.

Compensation of key management personnel

The remuneration of executive directors during the period was set out in note 6.

The remuneration of directors is determined with reference to the involvement and the business performance of the directors.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended June 30, 2008***20. LIST OF SUBSIDIARIES**

Details of the Company's principal subsidiaries as at June 30, 2008 are as follows:

Name of the company	Country and date of establishment	Equity interest attributable to the Group as at June 30, 2008	Issued and fully paid registered and paid-up capital as at June 30, 2008	Principal activities
Jingan Concord [#]	PRC February 3, 1993	100%	US\$68,000,000	Property development and investment
Minhang Concord [#]	PRC June 16, 1997	100%	US\$99,600,000	Property development and investment
Property Management Co ^{##}	PRC June 22, 1999	100%	RMB500,000	Property management service
Construction Management Co [#]	PRC April 4, 2005	100%	US\$500,000	Provision of construction consultancy service
Construction Consultancy Co [#]	PRC December 21, 2005	100%	US\$500,000	Provision of construction consultancy service
Chongqing Ace Blossom Real Estate Co., Ltd. [#]	PRC September 29, 2007	100%	US\$50,000,000	Property development and investment
Chongqing Mid-Levels No. 1 Real Estate Co., Ltd. [#]	PRC September 29, 2007	100%	US\$50,000,000	Property development and investment
Chongqing Peak No. 1 Real Estate Co., Ltd. [#]	PRC September 29, 2007	100%	US\$50,000,000	Property development and investment
Chongqing Promate Real Estate Co., Ltd. [#]	PRC February 28, 2008	100%	US\$24,500,000	Property development and investment
Chongqing Riverside Real Estate Co., Ltd. [#]	PRC September 29, 2007	100%	US\$50,000,000	Property development and investment
Chongqing Yangtze-Jialing River Real Estate Co., Ltd. [#]	PRC September 29, 2007	100%	US\$50,000,000	Property development and investment

[#] Wholly-foreign owned enterprises registered in the PRC.

^{##} A limited liability company registered in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008

21. POST BALANCE SHEET EVENT

The following events took place subsequent to June 30, 2008:

- i. The Company repurchased and cancelled its own shares of 25,135,000 through the Stock Exchange and paid an aggregate consideration of approximately HK\$74.1 million.
- ii. On July 31, 2008, the Group entered into a tenancy agreement as a co-tenant with a subsidiary of PCH and the landlord in respect of its leasing of an office premises. On the same date, the Group also entered into a sharing agreement with the same subsidiary of PCH to specify the respective rights and liabilities under the tenancy agreement and the entitlement to occupy and use half of the office premises and will share equally the rental and other charges in respect of the office premises. The tenancy agreement is effective from August 1, 2008 to July 31, 2011.

By Order of the Board

CHINA PROPERTIES GROUP LIMITED

Dr. Wang Shih Chang, George

Chairman

Hong Kong, September 23, 2008

As at the date of this interim report, the Board of the Company comprises Dr. Wang Shih Chang, George, Mr. Wong Sai Chung and Mr. Xu Li Chang as executive directors, Mr. Kwan Kai Cheong as non-executive director and Mr. Warren Talbot Beckwith, Mr. Luk Koon Hoo, Mr. Garry Alides Willinge, Mr. Cheng Chaun Kwan, Michael and Mr. Wu Zhi Gao as independent non-executive directors.